

Paul Dornan considers the Government's progress towards eradicating child poverty as Tony Blair begins his third term in office.



Halving child poverty: a truly historic third term?

IN 1999 Tony Blair promised to end child poverty *in a generation*. In 2001 the Labour party was elected with a second landslide majority of 167 MPs. In May this year Labour was returned to government with a slimmed but workable majority of 67. By 2010, the milestone by which child poverty needs to be halved to be on track to eradication, the Labour party will have to go to the polls again. The position of the Conservative Party has shifted – the mainstream no longer denies the existence of poverty; child poverty was mentioned in the party's recent manifesto but despite progress, it has neither signed up to end child poverty nor offered an alternative.

This article argues the following:

- Though it needs to go much further in general terms with policies on child poverty, since 1999 there has been impressive success for Labour.
- Despite this success, the efforts to eradicate child poverty are more vulnerable to reversal than they should be.
- The target to halve child poverty is just five years away: the maximum term of the current government. Next year's Spending Review provides the opportunity to do more.

Get the politics right: trumpet the promise, the progress and the challenge. Eradicating child poverty is morally right and economically sensible. More equal societies offer all the chance to succeed; they protect

those left vulnerable. By enabling all children to thrive, we all gain; by accepting the cost of social failure, we all lose. Doubtless few in Government would question the sentiment, but the logical follow through has been lacking: to transmit this message to electors, a clear, ongoing campaign is needed to generate support; occasional press releases, speeches and policy documents are not enough.

The obvious reason for the restraint – 'doing good by stealth'¹ – is the fear of taxpayer resistance. But this risk is overplayed and to concentrate on it brings dangers.

- Spending on children involves 'spending (now) to save (long term)', and can be sold as such.
- Greater emphasis ought to be placed on policies which benefit large proportions of the population and command significant support. Child benefit is popular, at least in part, because of its near-universality.²
- A revealing Fabian Society report on public attitudes (see article on p5) found two key things: ignorance about the reality of poverty, and that when people were confronted with both the facts and the target to end child poverty, they were impressed.³
- If the Government is not prepared to explain both the short-term costs and long-term benefits of tackling child poverty, it limits the resources on which it can draw to further reduce child poverty – how far, in other words, can redistribution by stealth stretch?

These are good reasons why the Government can, and should, be louder and prouder about its ambitions on social justice; it should make use of rather than underestimate public instincts. There is also the long-term threat, demonstrated through the 1980s, that stealth redistribution can go both ways: a future government could reverse current progress.

Get the policies right: lock in progress and push much harder

This is not the place for comprehensive policy analysis, but something more pithy. Before the election, CPAG set out *Ten steps to a society free of child poverty*;⁴ just after it has published *At Greatest Risk*,⁵ analysing groups of the poorest children who have not gained from New Labour's actions as they should. Both publications highlight similar ground: the overall direction of policy is good but more effort is needed to halve and then eradicate child poverty.

First, the work agenda. New Labour has a target employment rate of 80 per cent, well above the current 75 per cent.⁶ The increasing rate has contributed to recent reductions in poverty, but paid work is no panacea. Our high employment rate goes hand-in-hand with high poverty rates.⁷ This is not to deny the importance of employment income; but to make more progress we need better jobs, not just more jobs. There needs to be an increase in the level of wage income for lower-income families, both through the level of the minimum wage (though the interaction with working tax credit complicates this), by boosting adult skills and ensuring decent family friendly policies in are in place.

Second, driving progress in favour of those with the least. A striking message from *At Greatest Risk* is that, despite the current emphasis on child poverty, significant variation exists in the risk of child poverty, and while most children have benefited from the introduction of child tax credit (CTC), the differential risk remains high. A key message from this report is the importance of the safety net for those children at greatest risk of poverty. It is a scandal that despite commitment to eradicate child poverty, the safety net is of a lower value than the poverty line. Part of the reason for this is the low level of income support, which saps the rise in family incomes from increased CTC. Those affected most by this choice are the children whose parents have least employment income – the poorest children.

Third, too little has been made of child benefit. Though the child element of CTC is pledged to rise, at minimum, with earnings inflation till

2008, child benefit looks set to rise only with the lower level of price inflation.⁸ The importance of child benefit lies in its effectiveness (getting income through to children without the complications of a means test) and in the political message sent – that society at large has a role in helping with the costs of children and that children cost more to families irrespective of income. Child benefit was increased above the rate of price inflation in 1999; further investment is overdue and this should tie in with a clearer political message about the importance of investing in children.

Conclusion

The ambition of a society free of child poverty is both morally right and in the wider social interest. Policy can work; recently increased resources have got through to children, improving lives now and future chances. A taxpaying backlash has not materialised over this investment in children, and the Government should take confidence from this: the price of ending child poverty is affordable, but the cost of not doing so may not be. New Labour has been elected to serve a third term but it may not get a fourth. To halve child poverty, to shift attitudes and to set in train improved policies to eradicate child poverty – now that would be a truly historic third term. ■

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1 R Lister, *Winning the argument on poverty*, Catalyst, 2004

2 Child benefit is not universal since there are some immigration restrictions upon it, but it does go to the vast majority of UK children

3 See, for instance, Polly Toynbee's article, 'Unlike Zeta Jones', *The Guardian*, 4 March 2005, and the Fabian Society's website at www.fabian-society.org.uk

4 Child Poverty Action Group manifesto, *Ten steps to a society free of child poverty*, CPAG, 2005

5 G Preston (ed.), *At Greatest Risk: the children most likely to be poor*, CPAG, 2005

6 See National Statistics, 'Labour Market Statistics Headlines', 18 May 2005, www.statistics.gov.uk/pdfdir/lmsbrief0505.pdf

7 See UNICEF, *Child poverty in rich countries*, report card 6, UNICEF, 2005

8 As announced by the Chancellor of the Exchequer, Budget statement, 16 March 2005